



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

SECNAVINST 5420.171A
NAVCOMPT:NCD-6
27 February 1975

SECNAV INSTRUCTION 5420.171A

From: Secretary of the Navy

Subj: Navy Department Employees' Recreation and Welfare Fund and Board

Ref: (a) CMMI 790.7, Civilian Nonappropriated Fund Activities
(b) SECNAVINST 5430.89 of 17 Jun 1972 (NOTAL)

Encl: (1) Guidance for the operation of Navy Department nonappropriated fund welfare and recreation programs

1. Purpose. This instruction reaffirms the establishment of the Navy Department Employees' Recreation and Welfare Fund (NDERWF) and the Board (NDERWFB) to administer it; provides information on the administration and operation of the NDERWFB, the Navy Department Recreation Council (NDRC), and organized recreation associations of offices, bureaus, and commands; and furnishes guidance in the administration of nonappropriated funds utilized to support these activities.

2. Cancellation. SECNAV Instruction 5420.171 and Chapter 19 of AO Instruction 5000.9A are superseded.

3. Background. The NDERWF and the NDERWFB to administer it were established to provide financial support to qualifying employees' welfare and recreation programs and employee services, and to assure proper and effective utilization of welfare and recreation (nonappropriated) funds by member headquarters activities. Funds to support the Navy Department recreation and welfare activities are received from the DoD Concessions Committee.

4. Membership of the NDERWFB. Recreation and welfare activities are supervised as command functions by the head of the activity. Therefore, in accordance with reference (a), the representative on the NDERWFB will be that official delegated responsibility for continuity and official liaison on welfare and recreation matters. For purposes of headquarters activities, within the provisions of this instruction, the representative on the NDERWFB will be the civilian personnel officer, employee relations officer, or incentives and awards officer. It will not be an elected officer of the recreation association.

a. Membership of the NDERWFB is established as follows:

Chairman: The Special Assistant to the Secretary of the Navy

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Vice Chairman: The Vice Chairman is elected by the NDERWFB from among its members. For continuity, the position of Vice Chairman is permanent, or until replaced by the NDERWFB.

Membership: One representative and one alternate each, to be appointed by:

The Special Assistant to the Secretary of the Navy (for the Secretariat and Staff Offices, less NAVCOMPT, OCMM, and ONR)
Comptroller of the Navy
Director of Civilian Manpower Management
Chief of Naval Research
Chief of Naval Operations
Commandant of the Marine Corps
Chief of Naval Material
Chief, Bureau of Medicine and Surgery
Chief of Naval Personnel
Commander, Military Sealift Command
Commander, Naval Air Systems Command
Commander, Naval Electronics Systems Command
Commander, Naval Facilities Engineering Command
Commander, Naval Sea Systems Command
Commander, Naval Supply Systems Command
Director, Strategic Systems Project Office

b. The NDERWFB is served by the following (nonvoting) officers:

Treasurer: Appointed by the Deputy Comptroller of the Navy

Executive Secretary: Appointed by The Special Assistant to the Secretary of the Navy

c. The NDERWFB appoints and empowers an Executive Committee to transact its routine business between meetings. The Executive Committee is composed of:

(1) NDERWFB Chairman as chairman ex officio.

(2) NDERWFB Vice Chairman

(3) Two members elected by the NDERWFB from its membership to serve on the Executive Committee for a period of two years. A member may succeed himself on the Executive Committee.

5. Operation of the NDERWFB

a. The NDERWFB establishes its own procedural rules, and meets at least once each year. A majority of the membership constitutes a quorum for transacting business. Meetings are convened on the call of the Chairman

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or on determination of the requirement for a meeting by a majority vote of the Executive Committee. In addition to the nonvoting officers of the NDERWFB, the president of the NDRC shall be invited to meetings of the NDERWFB, but shall have no vote.

b. Meetings of the Executive Committee may be called by the Chairman as it is deemed necessary for the transaction of business.

6. Functions of the NDERWFB. Consistent with the policies of the Department, the NDERWFB is responsible for the equitable distribution of available funds to qualifying employee groups, and for assuring proper and effective utilization of welfare and recreation (nonappropriated) funds by eligible headquarters activities. The NDERWFB also provides financial support for department-wide recreation and health programs, and for approved Department of Defense recreation programs, based on Navy employee participation. These responsibilities include:

a. The review of annual audits of nonappropriated fund programs operated by the member headquarters activities, and, if funds are requested from the NDERWF, the review of the activity budget, the listing of officers, and the constitution and by-laws for the fiscal year covered in the fund request. The annual audits, under the provisions of reference (b), will be required of all headquarters activities regardless of whether or not the activities receive financial support from the NDERWF.

b. The determination of activities eligible to participate in the NDERWF.

c. The policy and procedures for receipt, disbursement, and accounting of monies in the NDERWF.

d. The establishment of criteria for the use of welfare and recreation (nonappropriated) funds by member activities and the withdrawal of unused or improperly used funds allocated by the NDERWFB.

e. The review of new and revised constitutions and by-laws of nonappropriated fund programs operated by member headquarters activities.

7. General criteria. The NDERWFB was established for the purpose of administering the NDERWF. Unless specifically authorized otherwise, the NDERWF is administered in accordance with policies and regulations applicable to nonappropriated fund activities as prescribed by the Secretary of the Navy, the Director of Civilian Manpower Management, and the Comptroller of the Navy. Its income and replenishment are derived from sources approved by The Special Assistant to the Secretary of the Navy. In the administration of the NDERWF:

a. Funds are allocated to qualifying member activities for utilization in a manner to provide the greatest benefit to the largest number of employees,

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rather than activities or services benefiting a few.

b. Military personnel in the qualifying member activities are eligible for the recreational activities and services sponsored by monies received from the NDERWF.

c. Disbursements are made by check, bearing both signature and counter-signature of persons authorized by the NDERWFB.

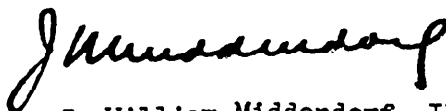
d. The NDERWF is audited at least annually by auditors designated by the Comptroller of the Navy.

e. The investment of cash in excess of current requirements in time deposits or savings accounts in institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, National Credit Union Administration, as appropriate, or invested in U. S. Government securities, is authorized.

f. The NDERWFB, at the expense of the NDERWF, provides for surety bonds and insurance coverage adequate to protect the NDERWF and cover fiduciary and liability aspects of activities and programs sponsored under it.

g. Administrative support and ordinary expenses of the NDERWFB are provided by the Office of the Comptroller of the Navy. Unusual expenditures which may be required to carry out its responsibilities may be authorized and funded as special items by the Executive Committee.

8. Action. Addressees will furnish a copy of the annual audit of non-appropriated fund programs required by reference (b), to the Chairman, Navy Department Employees' Recreation and Welfare Fund Board, and will utilize the criteria outlined herein for requesting and using nonappropriated funds in the operation of welfare and recreation programs within their offices, bureaus, and commands. Enclosure (1) provides information on the operation of the NDRC, organized recreation associations of offices, bureaus, and commands, and furnishes guidance in the administration of nonappropriated funds utilized to support these activities.



J. William Middendorf II
Secretary of the Navy

Distribution: (See page 5)

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Navy Department Nonappropriated Fund
Welfare and Recreation Programs

SECTION 1 - NAVY DEPARTMENT RECREATION COUNCIL

01.1 NAVY DEPARTMENT RECREATION COUNCIL. The NDERWFB approved the establishment of the NDRC to sponsor and support recreation and morale activities which cross organizational lines. Membership in the NDRC consists of the presidents of the recognized recreation associations of the offices, bureaus, and commands. The NDRC is supported financially by allocations from the NDERWF.

01.2 OPERATION OF THE NDRC. The NDRC elects officers from among its membership and holds meetings as provided in the approved constitution and by-laws. The Executive Secretary of the NDERWFB shall attend all NDRC meetings, and shall be the adviser to the NDRC, but shall have no vote. The NDRC is prohibited from initiating new programs or activities without prior written approval from the Executive Committee of the NDERWFB. Such approval will normally be granted following review of the annual budget (program) submitted as a portion of the fund request.

01.3 FUNCTIONS OF THE NDRC. The functions of the NDRC shall be as follows:

a. To discuss recreation and welfare matters, to interchange ideas, and to propose departmental recreation and welfare programs.

b. To sponsor and conduct recreation activities which can be more advantageously organized on a departmental basis, including the following:

1. Department-wide recreational events.
2. Department-wide sports events and teams.
3. Ceremonies and dinners honoring champions of departmental recreational and sports events.
4. Department-wide discount programs.
5. Such other recreation and welfare activities not listed above, upon approval of the NDRC and the Executive Committee of the NDERWFB.

01.4 NDRC RELATIONSHIP WITH THE NDERWFB. The NDRC shall submit requests for funds to the NDERWFB and will be governed by the policies, procedures, and decisions which the NDERWFB or the Executive Committee issue, including controls over use of funds. The president of the NDRC shall be invited to attend meetings of the NDERWFB, but shall have no vote.

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SECTION 2 - AUTHORIZED USE OF FUNDS

02.1 PROGRAMS RECEIVING NDERWF SUPPORT. The following programs are eligible to receive support from the NDERWF:

a. Recreation and morale activities sponsored by qualifying member recreation associations of offices, bureaus, and commands of the Navy Department.

b. Navy Department Recreation Council.

c. Pentagon Ticket Service.

d. DoD Vacation Service.

e. Medical and health programs.

f. Insurance and bonding.

g. Administrative expenses approved by the Executive Committee.

02.2 EXAMPLES OF APPROVED PROGRAMS. Funds received from the NDERWF may be utilized for, but not confined to, the following types of programs:

a. Social affairs, such as dances, picnics, exhibits, and similar group activities.

b. Athletic events, such as participation in bowling, softball, and basketball.

c. Recognized hobby groups, such as clubs devoted to marksmanship, art, stamps, music, etc.

d. Support of loan facilities for recreation equipment, such as fishing gear, athletic equipment, or other reusable items of general interest.

e. Normal administrative expenses incurred in supporting the above activities.

The use of funds to support activities which do not fall into the general categories outlined above may result in the withdrawal of already allocated funds and the refusal of additional allocations. In order to avoid misunderstanding, a prior review by the Executive Committee of proposed questionable activities is suggested.

02.3 GOVERNING PRINCIPLES FOR FINANCIAL SUPPORT. The following principles are applied by the NDERWFB in considering requests for financial support. These principles shall be accepted by receiving groups as binding upon them, not only in the use of funds received from the NDERWFB, but for all other funds collected from the general membership.

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a. ALLOCATION OF FUNDS.

1. Office, Bureau, or Command Employee Groups. Funds for the recreation and morale program of an office, bureau, or command shall be allocated to the qualifying member recreation association.

2. Navy Department Recreation Council. Funds for the support of recreation and morale activities which cross office, bureau, or command lines shall be allocated to the Navy Department Recreation Council. The request for such funds must have the specific approval of the NDRC.

3. Department of Defense Programs. Funds may be allocated to Department of Defense recreation programs such as the Pentagon Ticket Service and DoD Vacation Service, based on Navy employee participation and as approved by the Executive Committee.

4. Medical and Health Programs. Funds for medical and health programs shall be uniformly applied to offices, bureaus, and commands of the Navy Department. Such expenditures by the NDERWFB will be departmental in scope and be consistently administered in all participating activities. While activities may determine that they do not wish to participate in a particular program, those participating will do so in a manner consistent with the departmental program. The following criteria shall apply in the use of funds for medical and health programs:

(a) No medical treatment will be given nor diagnoses made.

(b) Programs undertaken will have broad application to the employees of the Navy Department.

(c) All programs undertaken should meet with the approval of appropriate authority and the Department of Defense Civilian Employee Health Service.

b. MEMBERSHIP. All personnel, civilian and military, are eligible to participate in functions sponsored by office, bureau, and command recreation associations by virtue of their employment with departmental (headquarters) activities. As a means of supplementing income of the individual recreation associations, the NDERWFB has authorized the sale of special memberships with discounts to these special members. This special membership authorization makes it imperative that recreation associations offer services, including the sale of merchandise, to all employees simultaneously and that discounts, if any, be clearly indicated as applicable to special members.

c. NONDISCRIMINATION. Funds shall be used to support only those activities for which all Navy Department employees are eligible without regard to race, color, creed, or national origin. Restrictions based on race, color, creed, or national origin shall be grounds for withdrawal by

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the NDERWFB of already allocated funds and refusal of additional allocations. No use may be made of the name, sponsorship, or facilities, by or for any employee recreational organization practicing discrimination based on race, color, creed, or national origin.

d. EXPENDITURES FOR INDIVIDUALS. No funds shall be used for social affairs in honor of a particular individual, nor for the purchase of anything of intrinsic value, as opposed to token value, for a specific individual. The NDERWFB has approved a limitation on expenditures for token value gifts not to exceed \$75 to any individual.

e. MAINTENANCE OF RECORDS. It is the policy of the NDERWFB that all nonappropriated funds available to member welfare and recreation associations whether allocated by the NDERWFB, received from sale of membership, or from other sources, are to be maintained in a central account with sufficient records to permit an annual audit. (See Section 04.2.)

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SECTION 3 - REQUEST FOR FUNDS FROM THE NDERWFB

03.1 FUND REQUESTS. Requests for allocation of funds from the NDERWFB must be submitted in duplicate to the Executive Committee of the NDERWFB not later than one month prior to the end of each fiscal year. The Executive Committee will review the requests and, after determination of the amount to be allocated, the NDERWFB will forward to the approved activities, on a semi-annual basis, one-half of the annual amount approved. If, in the opinion of the requestor, a different rate of payment of the allocation is necessary, this should be indicated in the initial request with an explanation of the circumstances. With the exception of the Navy Department Recreation Council and the Staff Offices Recreation Association, the letter of transmittal forwarding the fund request must be signed by the chief or deputy of the activity requesting funds. Fund requests should be addressed to the Chairman, Navy Department Employees' Recreation and Welfare Fund Board at the following address:

Chairman, Navy Department Employees' Recreation
and Welfare Fund Board
Office of the Secretary of the Navy
Washington, D. C. 20350

03.2 FORMAT AND CONTENT OF FUND REQUESTS. A request for allocation of funds from the NDERWFB must include the following items:

a. FUND REQUIREMENTS. The recreation association requesting funds shall prepare an annual program fund requirements in a format similar to the sample furnished as Attachment 1, and submit it as part of the fund request forwarded to the NDERWFB. The request for funds shall be supported by a statement indicating sources and amounts of revenue received during the reporting year, and a listing of all expenditures made. (See Attachment 2d.) Also, a proposed budget for the subsequent year, incorporating (a) estimated income (by source), (b) itemization of planned expenditures, and (c) location and number of civilian and military personnel included in the field of membership (departmental and field, if any, should be itemized and separately identified).

b. AUDIT REPORT. An acceptable report of audit made within 6 months prior to the beginning of the fiscal year for which funds are requested must be included as part of the fund request submitted to the NDERWFB. (See Attachment 2 a-d.) The letter transmitting the fund request, signed by the chief or deputy of the activity requesting funds, should contain an explanation of action taken or to be taken in response to recommendations made in the audit.

c. LIST OF OFFICERS. A listing of officers scheduled to take office at the beginning of the fiscal year covered by the fund request must be included as part of the fund request submitted to the NDERWFB. It is the policy of the NDERWFB that the installation of officers of all recreation associations be effective the 1st date of the new fiscal year.

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d. CONSTITUTION AND BY-LAWS. A copy of a new or revised constitution and by-laws must be included as part of the fund request submitted to the NDERWFB. If no changes were made in the constitution and by-laws during the prior year, a statement should be made in the transmittal letter that no changes were made.

SECTION 4 - ADMINISTRATION AND CONTROL OF FUNDS

04.1 GENERAL. A Government instrumentality is an activity authorized to operate by legislative authority or regulations approved by the Secretary of the Navy for the morale, welfare, and recreation of military and civilian employees and their dependents, the funds of which are controlled by and accounted for by military or Government civilian employees of the Navy acting in behalf of the Government. All nonappropriated funds supporting welfare and recreation activities meeting the criteria of Government instrumentalities are Government funds, and as such, are subject to all laws, rules, and regulations established for the control of Government funds. The recreation associations located in the departmental and headquarters offices of the Navy Department are instrumentalities of the Government and are required to conform to the policies, procedures, and requirements contained herein.

04.2 ACCOUNTING SYSTEM. The accounting system developed for use by all morale, welfare and recreation activities is contained in NONAPPROPRIATED FUND ACCOUNTING PROCEDURES FOR WELFARE ACTIVITIES (NAVSO P-3520). This document contains explanations of accounting terminology, a chart of accounts with appropriate directions for their use, sample bookkeeping entries, and various accounting forms. Submit requests for copies of NAVSO P-3520 on DOD Single Line Item Requisition (DD Form 1348) to the CO, NAVPUBFORMCEN, citing Stock No. 0515-LP-942-0000.

04.3 MANAGEMENT POLICIES AND PRINCIPLES. The policies and principles contained in NONAPPROPRIATED FUND GENERAL FINANCIAL MANAGEMENT POLICIES AND PRINCIPLES (NAVSO P-3519) are applicable to all morale, welfare and recreation activities. This document contains explanations of nonappropriated fund terminology, internal control procedures, operational principles, financial management and planning, and a uniform chart of accounts with a discussion of each account. Submit requests for copies of NAVSO P-3519 on DOD Single Line Item Requisition (DD Form 1348) to the CO, NAVPUBFORMCEN, citing Stock No. 0515-LP-942-1000.

04.4 AUDIT REQUIREMENTS. Financial and related records will be audited not less frequently than once each year. In order to comply with the requirements of the NDERWFB in the submission of fund requests, the annual audit should be conducted during the last half of the fiscal year and planned for completion two months prior to the end of the fiscal year. The following activities have cognizance for the annual audit of the nonappropriated fund programs of the offices, bureaus, and commands listed:

a. Office of the Comptroller of the Navy:

1. Navy Department Recreation Council
2. Office of Civilian Manpower Management

3. Office of Naval Research
4. Navy Staff Offices Recreation Association
- b. Naval Material Command Support Activity:
 1. Office of the Comptroller of the Navy
 2. Naval Air Systems Command
 3. Naval Electronics Systems Command
 4. Naval Facilities Engineering Command
 5. Naval Sea Systems Command
 6. Naval Supply Systems Command
 7. Strategic Systems Project Office

c. Area Auditor, Headquarters Battalion, Headquarters, U. S. Marine Corps:

1. Headquarters, U. S. Marine Corps
- d. Internal Audit Boards Established by the Chief of:
 1. Office of the Chief of Naval Operations
 2. Headquarters, Naval Material Command
 3. Bureau of Medicine and Surgery
 4. Bureau of Naval Personnel
 5. Military Sealift Command

04.5 DANCES, PARTIES, PICNICS AND SPECIAL EVENTS. The person or persons designated to have charge of dances, parties, picnics and special events will reconcile the number of tickets sold with the cash collected. A special report will be prepared for each event outlining total expenditures with invoices and/or prepared statements substantiating purchases, together with total number in attendance and breakdown of ticket sales and other income. The report will be signed by the person in charge of the event and, if appropriate, the person who verified the ticket sales and amount of cash collected. For audit purposes, all tickets should be serially numbered and a record maintained of the total number of tickets produced, number sold, and unsold tickets retained until an audit is conducted. All proceeds received from an event will be deposited in the accounts of the association and not be utilized to cover expenses of the event.

04.6 ACCOUNTABILITY OF ASSOCIATION OWNED EQUIPMENT. Many recreation associations purchase transistor radios, fishing equipment, softball equipment, golf clubs, etc., for use by the members of the association. Memorandum records will be maintained of all such equipment which show a description of the equipment, date purchased, purchase price, and other pertinent data. A signed custody receipt will be obtained from the individual receiving the equipment. The receipt will be returned to the individual when the equipment is returned. Physical inventories of the equipment will be taken annually prior to the audit of the accounts.

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SECTION 5 - NDERWFB FUNDED PROGRAMS

05.1 BLANKET BOND COVERAGE. The NDERWFB approved the purchase of a bond to provide protection for departmental welfare and recreational activities. Briefly, the policy provides the following protection:

a. All officials of Navy Department welfare and recreation activities and fund custodians are covered on a blanket basis in the amount of \$25,000 each. In addition, money and security coverage on an activity-wide basis in the amount of \$5,000 is provided. This includes protection against loss of money as a result of infidelity of employees or custodians, or as a result of robbery, holdups, or theft of money while on the premises or elsewhere.

b. Cost of this policy is borne by the NDERWF. Should situations occur that might result in claims being made against the company, the Treasurer of the NDERWFB should be contacted. The policy will be retained in the custody of the Treasurer, NDERWFB.

05.2 COMPREHENSIVE LIABILITY COVERAGE. The NDERWFB approved the purchase of liability insurance to cover all persons participating in Navy Department recreation and welfare activities. Briefly, the policy provides for the following:

a. The policy is a comprehensive public liability type insurance which protects the Fund, the Secretary of the Navy, and the U. S. Government against liabilities arising out of activities of the various associations, including nonowned automobile liabilities. It protects the recreation associations as instrumentalities of the Government without using the immunity of the Government as a defense.

b. The policy provides protection for the NDERWF and its affiliated recreation associations, for the following claims for damages arising from any of the welfare or recreation activities which are sponsored by departmental recreation associations:

1. Bodily injury - limit \$100,000 for one person and \$300,000 for one accident.

2. Property damage liability - \$25,000.

c. The expense of this policy is borne by the NDERWF. Should situations occur that might result in claims being made against the company, the Treasurer of the NDERWFB should be contacted. The policy will be retained in the custody of the Treasurer, NDERWFB.

05.3 PREVENTIVE HEALTH PROGRAMS. The NDERWFB approved the funding of certain immunization and testing programs for civilian employees of the Navy Department. The Capital Area Personnel Services Office-Navy, is responsible

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for coordinating the health programs and for determining estimated participation and the distribution of record cards required for approved programs. Vaccines are purchased by the Civilian Employee Health Service. It is the responsibility of the recreation association of each participating activity to disseminate the record cards and to provide for collection of fees, if any. The record cards will be collected at the time of administration of the preventive health services. Each recreation association will be billed by the Treasurer, NDERWFB, for the amounts represented by the number of record cards collected at the time of administration of the health services. (Exception: The Navy Staff Offices Recreation Association will be the collection agency for the offices serviced by that association.)

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SECTION 6 - GENERAL INFORMATION AND POLICIES

06.1 TAXES. The Chief of the office, bureau, or command is responsible for assuring that his individual recreation association fulfills its responsibility regarding reporting and payment of all required local and Federal taxes. The NDERWFB has made arrangements for an exemption from the D. C. sales tax. There are other taxes, however, for which the various associations may have an individual responsibility for payment. For example:

Maryland State Sales Tax
Virginia State Sales Tax
Federal Excise Taxes (on purchases)
Federal Amusement Tax (which may be applicable for some recreation association-sponsored activities; e.g., dances, cocktail parties, etc.)

Because of the varying circumstances, the NDERWFB cannot and will not assume responsibility for compliance by the individual recreation associations. Tax advice should be obtained from legal officers in your office, bureau, or command, or from local and Federal tax officers. Should any of the associations fail to assume responsibility in this area and, by such failure, embarrass the Department, it is possible that the NDERWFB will find it necessary to withdraw its support of the organization. Also, such adverse publicity could be serious enough to jeopardize the entire departmental welfare and recreation program.

06.2 EXEMPTION FROM D.C. SALES TAX. At the request of the NDERWFB, the District of Columbia Government has determined that the Navy's departmental welfare and recreation programs, which receive support from the NDERWF, are entitled to exemption from the D.C. Sales Tax. The tax exemption number is 806-09960-06, and vendors are likely to request that this number be furnished at the time of purchase. Furthermore, it is likely that exercising the tax exemption will be facilitated if the purchase is made by a check drawn against the association account. Officials or members of the association are not covered by this exemption, and must not use it when making purchases for personal use.

06.3 PAYMENT OF OFFICERS. No salary or compensation will be made to officers or others associated with the operations of a departmental recreation or welfare activity affiliated with or under the jurisdiction of the NDERWFB.

06.4 BANK, SAVINGS AND LOAN, CREDIT UNION DEPOSITS OF NONAPPROPRIATED FUNDS. Only those financial institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, National Credit Union Administration, as appropriate, will be selected as depositories for nonappropriated funds. Deposits up to \$40,000 may be deposited in

such insured institutions. However, when deposits are in excess of \$40,000, only those banks insured by the Federal Deposit Insurance Corporation and designated as a Federal depository by the Secretary of the Treasury will be selected as depositories for nonappropriated funds. When deposits are expected to exceed \$40,000, Status of Nonappropriated Fund Balances (NAVCOMPT Form 2062) will be submitted to the Office of the Comptroller of the Navy (NCD-4) on 30 April and 31 October of each year. The report is to be furnished when the nonappropriated fund account in each bank exceeds \$40,000 or is expected to exceed \$40,000 in the ensuing six months. Interim reports are required when actual aggregate balances exceed or appear likely to exceed the estimate reported or when there is a substantial decrease in the estimate reported. The amount to be reported is the estimated uninsured balance in excess of \$40,000. Negative reports are required when uninsured balances have been previously reported. Upon receipt of notice that a bank, having nonappropriated fund accounts in excess of \$40,000, has not been designated as a Federal depository, the Comptroller of the Navy will request the Treasury Department to arrange for the bank to qualify for such designation.

06.5 DISESTABLISHED RECREATION ASSOCIATIONS. When a recreation association, which has received allocations from the NDERWF is disestablished, all remaining assets of the association will be turned over to the NDERWFB. If an association is dissolved, the NDERWFB will be advised. Upon receipt of such advice, the NDERWFB will appoint a representative to assist the association with dissolution proceedings. Remaining assets of the association will include all cash balances after payment of all debts; any outstanding accounts receivable; and all inventories of equipment, materials, etc.

06.6 RECORDS MANAGEMENT. All records pertaining to the administration of the NDERWF, NDRC and organized headquarters recreation associations of offices, bureaus, and commands will be maintained and disposed of in accordance with Disposal of Navy and Marine Corps Records (SECNAVINST P-5212.5B, Part II, Chapters 5 and 7).

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NAVXXX RECREATION ASSOCIATION
PROGRAM FUND REQUIREMENTS

| <u>RECREATIONAL PROGRAM OR EVENTS</u> | <u>FY 19</u> <u>Actual</u> | <u>FY 19</u> <u>Estimated</u> | <u>FY 19</u> <u>Estimated</u> |
|--|-------------------------------|----------------------------------|----------------------------------|
| <u>DANCES, PARTIES, BANQUETS</u> | \$ 690.91 | \$ 700.00 | \$ 800.00 |
| <u>SPORTING EVENTS:</u> | | | |
| Bowling | 20.50 | 20.00 | -0- |
| Golf | 50.20 | 50.00 | 25.00 |
| Softball | 32.80 | 35.00 | 50.00 |
| <u>RECREATION AND ATHLETIC EQUIPMENT</u> | 223.19 | 225.00 | 300.00 |
| <u>TICKET SUBSIDIES</u> | 340.50 | 340.00 | 350.00 |
| <u>PICNICS</u> | 201.90 | 200.00 | 200.00 |
| <u>CLUBS</u> | 140.30 | 140.00 | 150.00 |
| <u>CORONATION BALL</u> | 210.05 | 210.00 | 200.00 |
| <u>MISCELLANEOUS</u> (Should include only items small in amount not related to the pro- gram, such as: "Bank Service Charges") | 4.00 | 4.00 | 4.00 |
| TOTAL | <u>\$1,914.35</u> | <u>\$1,924.00</u> | <u>\$2,079.00</u> |
| <u>ESTIMATED CASH BALANCE (beginning of new fiscal year)</u> | | | |
| <u>ANTICIPATED REVENUE: 2/</u> | | | |
| Membership Dues | | | 195.00 |
| Dances, Parties, Banquets | | | 300.00 |
| Ticket Subsidies | | | 340.00 |
| Coronation Ball | | | 100.00 |
| SUB-TOTAL REVENUE | | | \$ 935.00 |
| Grant Requested From NDERWF | | | <u>1,000.00^{3/}</u> |
| TOTAL AVAILABLE | | | \$1,935.00 |
| Less: Estimated Cash Balance (end of fiscal year) | | | 11.00 |
| TOTAL PROGRAM ESTIMATE | | | <u>\$1,924.00</u> |
| SEMI-ANNUAL FUND REQUIREMENT: | | | |
| | | 1st half | \$ 500.00 |
| | | 2nd half | 500.00 |
| | | | <u>\$1,000.00^{3/}</u> |

1/ Show cost only - do not include income.

2/ Show anticipated revenue from all sources.

3/ Must be equal.

| | <u>LOCATION</u> | <u>CIVILIAN</u> | <u>MILITARY</u> | <u>TOTAL</u> |
|------------------------|-----------------|-----------------|-----------------|--------------|
| Departmental Personnel | CP-6 | 450 | 30 | 480 |
| Field Office - "A" | WNY | 20 | -- | 20 |
| Total | | <u>470</u> | <u>30</u> | <u>500</u> |

27 FEB 1975

DEPARTMENT OF THE NAVY
Naval Material Command Support Activity
Washington, D. C. 20360

date

SAMPLE AUDIT REPORT

From: Commanding Officer
To: Commander, Naval XXX Systems Command
Subj: Audit of NAVXXX Recreation Association for the year ended
31 March 19__
Ref: (a) NAVXXX ltr of 12 Jan, 19__
(b) SECNAVINST 5420.171A
Encl: (1) Audit report

1. In response to the request contained in reference (a), and under the provisions of reference (b), an audit of the operations of the NAVXXX Recreation Association was performed for the year ended 31 March 19__.
2. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.
3. In our opinion, the financial records of the NAVXXX Recreation Association present fairly the financial transactions of the Association at 31 March 19__, except as noted in the audit report furnished as enclosure (1).

(signed)

XXXXX XXXXXXXXXX

ATTACHMENT 2a

27 FEB 1975

Review of
NAVXXX Recreation Association
Financial Records and Procedures
For Period 1 July 19__ to 31 March 19__

1. Accounting Records

a. Inconsistencies found relating to entries in the accounting records and recommended changes are as follows:

(1) Income is presently recorded in the general ledger in the 500 series of accounts. Income should be recorded in accounts in the 400 series of accounts and expenses in the 500 series of accounts.

(2) Purchase of trophies is recorded to account 519 and engraving of trophies is recorded to account 520. Inasmuch as both costs represent the cost of trophies, all such costs should be recorded to account 520.

(3) Cash is being deposited too infrequently. Cash should be deposited daily or not less frequently than twice a week. If impractical to comply with this requirement, it is recommended that official approval be requested to deviate from this requirement.

(4) Check #216 dated 28 August 19__, amount \$6.20 payable to Champion Trophies, Inc., is outstanding. Inasmuch as Champion Trophies, Inc., has stated that the account has been paid, it is recommended that a stop order be issued for this check.

(5) The general ledger accounts reflected numerous erasures. Good accounting practices do not permit erasures. Erroneous entries will be ruled out and initialed by the Treasurer, and the entry made correctly.

(6) The Financial Statement apparently was not prepared from the general ledger accounts. It is recommended that all financial statements reflect the status of funds as indicated by the general ledger accounts.

(7) To relieve the Treasurer of the responsibility of contacting individual recreation associations to effect collections due for planned events and simplify posting to the general ledger, it is recommended that a member of each committee established for a special event be made responsible for effecting collections for that event and forwarding such collections to the Treasurer.

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NAVXXX Recreation Association
Bank Reconciliation
as of 31 March 19__

Bank Balance at 31 March 19__

\$1,718.07

Outstanding Checks:

| <u>Number</u> | <u>Date</u> | <u>Amount</u> | |
|----------------------------------|-------------|---------------|------------------|
| 216 | 9/28/19__ | \$ 6.20 | |
| 223 | 3/28/19__ | 150.00 | |
| 224 | 3/29/19__ | <u>750.00</u> | <u>906.20</u> |
| Book Balance as of 31 March 19__ | | | <u>\$ 811.87</u> |

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NAVXXX RECREATION ASSOCIATION
REVENUE AND EXPENDITURES FOR THE PERIOD ENDING 3/31/19__

| | <u>Income</u> | <u>Expense</u> | <u>Profit or (Loss)</u> |
|---|-------------------|-------------------|-----------------------------|
| <u>Assets at Beginning of Accounting Period</u> | | | |
| Cash Balance at 7/1/19__ | \$3,277.13 | \$ | \$3,277.13 |
| <u>Income During Accounting Period</u> | | | |
| Navy Department Recreation and Welfare Fund | 2,455.00 | | 2,455.00 |
| <u>Income and Expenses of Activities Conducted During Accounting Period</u> | | | |
| Purchase and Sale of Admissions | 287.45 | 287.45 | |
| Coronation Ball - 19__ | 188.25 | 2,958.25 | (2,770.00) |
| Council Buffet | 276.00 | 463.50 | (187.50) |
| Banquet of Champions | 682.00 | 1,214.55 | (532.55) |
| Advance Tickets to Opening Day Baseball Game | | 750.00 | (750.00) |
| <u>Franchise and Recreational Charges</u> | | | |
| Tennis Franchise and Use Fees | | 159.75 | (159.75) |
| <u>Athletic Equipment and Trophies</u> | | | |
| Golf Equipment and Trophies | | 299.68 | (299.68) |
| Tennis Equipment and Trophies | | 212.88 | (212.88) |
| Bowling Trophy Engraving | | 6.20 | (6.20) |
| <u>Miscellaneous</u> | | | |
| Transportation | | 1.70 | (1.70) |
| <u>Total Income</u> | <u>\$7,165.83</u> | | |
| Less: Total Expenses | <u>6,353.96</u> | <u>\$6,353.96</u> | |
| <u>Cash Balance and Operating Surplus at 3/31/19__</u> | <u>\$ 811.87</u> | | <u>\$ 811.87</u> |

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